

**California State Lands Commission Issues  
Resolution Calling on the Legislature to Reject  
Proposal to Bypass SLC and Allow Offshore Oil Drilling**



SANTA MONICA – The California State Lands Commission (SLC), the state agency responsible for approving new oil leases in California, today voted for a resolution to reject a Department of Finance proposal to bypass the SLC to permit oil drilling off the coast of California. Lieutenant Governor John Garamendi, chair of the SLC, joined State Controller John Chiang in favor of the resolution, while commission member Tom Sheehy, Chief Deputy Director for the Department of Finance, did not cast a vote as he had to leave the hearing early due to a family emergency.

The State Lands Commission has had the authority to approve oil leases in California since 1937. A copy of the resolution is below.

“This is a deliberate attempt to overturn the decision of this body, the State Lands Commission, a decision that was based on the finding that this proposal was not in the interests of the state,” Lieutenant Governor John Garamendi said. “The proposed legislation gives the power to move forward the lease to the Department of Finance, not the legislature.”

“This is a blatant power grab; the Department of Finance deliberately misrepresented the level of political support behind this,” said Susan Jordan, director of the California Coastal Protection Network. “It was appalling to watch. They don’t like the decision made by the State Lands Commission, but that is precisely why we have an independent commission.”

The three-member State Lands Commission originally considered the request to lease land to the Plains Exploration & Production Company to expand drilling off the coast of California in late January, but Garamendi joined State Controller John Chiang in a two-to-one vote to defeat the proposal.

“The new drilling proposal offers California a \$100 million loan that must be repaid by forgiving future royalty payments to California. This is an incredibly reckless fiscal policy,” added Garamendi, chair of the California Commission for Economic Development. “The cleanup costs for 2007’s Cosco Busan oil spill in San Francisco exceeded \$70 million, and that was a comparatively minor spill compared to what’s possible. California should leave new oil production in the 20<sup>th</sup> century and reassert its leadership in renewable energy production.”

Lieutenant Governor Garamendi has an accomplished environmental record:

- As chairman, Garamendi led the State Lands Commission to reject the proposed Liquefied Natural Gas (LNG) terminal off the Oxnard/Malibu coast, highlighting the plan’s deficiencies in protecting the environmental health of the communities, the ocean and coastline.
- As a member of the Ocean Protection Council, Garamendi developed a plan & championed legislation (Pacific Protection Initiative; 5 marine debris bills to reduce ocean pollution) to greatly decrease pollution of California beaches from plastic refuse, reducing the danger to California’s beaches and marine life.
- As Deputy Secretary of the U.S. Department of the Interior, Garamendi oversaw the Department’s eight bureaus and helped develop national global warming policy with Vice President Al Gore and Interior Secretary Bruce Babbitt. He also was the key negotiator for

water disputes throughout California and brought the Riverside Habitat Conservation Plan to successful implementation, which protected 66,000 acres of rare habitat. It is a national model.

- As a California legislator, Garamendi authored the Tahoe Bond Act (1982), allowing the State to acquire and preserve private land in the Tahoe Basin. Since then, he has continued to help lead the state's efforts to protect the quality and clarity of Lake Tahoe's water, shore zone, natural habitat, and regional development activities.
- Garamendi's 32 years of public service and environmental leadership was recently recognized by leading California coastal advocates:
  - Environmental Defense Center (Environmental Hero Award, June 2008)
  - San Diego Coast Keeper (2007 Coastal Champion Award, November 2007)
  - The California Coastal Coalition & the Wetlands Recovery Project (2007 Friend of the Coast Award, April 2007)

**RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION URGING THE  
LEGISLATURE TO REJECT THE PROPOSAL IN THE 2009 MAY BUDGET REVISION TO  
OVERTURN THE COMMISSION'S JANUARY 29, 2009 DECISION REGARDING THE OIL  
AND GAS LEASES RELATED TO THE TRANQUILLION RIDGE FIELD**

**WHEREAS**, the California coast, stretching over 1,000 miles from the redwood forests and rocky shores of the north to the palm trees and sandy beaches of the south, is a region of incomparable beauty and natural splendor, blessed with an abundance of rich and diverse resources; and

**WHEREAS**, California's beaches, bays, and ocean are major attractions, helping to make the state the number one travel destination in the United States with over 300 million domestic

visitors and 14 million visitors from other countries according to recent annual figures published by the California Travel and Tourism Commission; and

**WHEREAS**, the California State Lands Commission (Commission) has exclusive jurisdiction over all ungranted tide and submerged lands owned by the state, and the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits; and

**WHEREAS**, the Commission serves the people of California by providing stewardship of the lands, waterways, and resources entrusted to its care through economic development, protection, preservation, and restoration; and

**WHEREAS**, since 1969, the Commission has consistently opposed new offshore oil and gas leases based on the detrimental effects oil spills, such as the 1969 Santa Barbara and 2007 Cosco Busan oil spills, have had on the state's economy, environment, tourism, water-related recreation, fishing, and the public health; and

**WHEREAS**, the Commission has exercised its stewardship by expressly supporting the past presidential and congressional moratoria on oil and gas leasing within protected offshore areas and by formally imposing its own offshore oil and gas leasing moratorium; and

**WHEREAS**, since 2001, the Commission passed nine resolutions opposing the resumption or expansion of federal offshore oil and gas leasing operations, including a resolution passed on April 9, 2009 opposing the U.S. Department of the Interior, Minerals Management Services' Draft Proposed 5-year Outer Continental Shelf (OCS) Oil and Gas Leasing Program, which schedules OCS lease sales in the Point Arena Basin in Northern California, and the Santa Maria, Santa Barbara/Ventura, and Oceanside/Capistrano Basins in Southern California; and

**WHEREAS**, beginning in 1921, and many times since, the California Legislature has enacted laws that set aside offshore areas where oil and gas leasing was generally prohibited, including the California Coastal Sanctuary Act of 1994 which generally prohibited new oil and gas leases on all state lands underlying the Pacific Ocean; and

**WHEREAS**, on January 29, 2009, during a public meeting in the city of Santa Barbara, and after several hours of testimony by the project proponents, opponents, and elected local, state, and federal officials, the Commission found that a proposal to lease state-owned submerged lands known as the Tranquillon Ridge Field, which is located in the California Coastal Sanctuary, was not in the state's best interest, and, therefore, denied the lease application submitted by a private oil development company; and

**WHEREAS**, the State Lands Commission's January 29, 2009 decision was based in part on (1) the harm an oil spill in the California Coastal Sanctuary would have on the state's economy, the environment, tourism, water-related recreation, fishing, and the public health, (2) the negative precedent a new offshore oil and gas lease would set as the federal government targets California's offshore oil and gas resources for future development, (3) because of the possibility of the federal government exercising its preemption, contractual, and eminent domain authority, the lack of enforceability of an agreement between the lease applicant and local environmental

groups that included a fixed end date for the decommissioning and removal of the facilities involved in the project, which could not be guaranteed, (4) the lack of disclosure of this agreement by its parties which prevented public review, and (5) the negative effects fossil fuel dependency has caused to our national security, the economy, and the environment; and

**WHEREAS**, the Commission has indicated its interest and support in renewable energy projects on lands within its jurisdiction, projects which would bring new energy sources and revenue to California, help the state meet its renewable energy source goals, not contribute to climate change and don't have the pollution potential of offshore oil development; and

**WHEREAS**, the May Revision on the California budget, issued on May 14, 2009, recommended, among other things, overturning the Commission's January 29, 2009 decision by passing legislation authorizing the state to enter into a lease for the extraction of oil from the Tranquillion Ridge Field; and

**WHEREAS**, if implemented, the May Revision proposal would be an end-run around the Commission's decision regarding the Tranquillion Ridge lease and would be the first time a Commission decision is overturned by the Legislature since the Commission was created in 1938; and

**WHEREAS**, the Commission was created in a special legislative session in 1938 in the wake of oil-related corruption by high-level state officials in the Department of Finance and its Division of

State Lands, which from 1929 to 1938 was the sole authority for the leasing of state owned sovereign land; and

**WHEREAS**, the State Lands Act of 1938 created an independent commission made up of two statewide elected constitutional officers, the State Controller and Lieutenant Governor, and the Governor's Director of Finance, which has now operated for over 70 years without experiencing the type of malfeasance that led to its creation; and

**WHEREAS**, the Commission has earned the state over \$8 billion in revenues during its 70 years existence, including over \$300,000,000 for fiscal year 2008-2009; therefore, be it

**Resolved by the California State Lands Commission** that it urges the legislature to reject the May Budget Revision's proposal to overturn the Commission's January 29, 2009 decision regarding the oil and gas leases related to the Tranquillion Ridge Field; and be it further

**Resolved**, that the Commission's Executive Officer transmit copies of this resolution to the Governor of California and to each member of the California State Senate and Assembly.